

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

| | | |
|--------------------------|---|--|
| UNITED STATES OF AMERICA |) | No. _____ |
| |) | |
| v. |) | Violation: Title 18, United States Code, |
| |) | Section 1001(a)(2). |
| FRANK CANNATELLO |) | |

The UNITED STATES ATTORNEY charges:

1. At times material to this information:

City of Chicago

A. The City of Chicago ("the City") was a unit of local government known as a municipal corporation, and a political subdivision of the State of Illinois. The functions and services provided by the City on behalf of its residents were coordinated through various agencies and departments. Several of the largest City operational departments included the Department of Water, the Department of Streets and Sanitation, the Department of Transportation and the Department of Sewers. Each of the departments was headed by a Commissioner, who was nominated by the Mayor of the City and confirmed by the City Council, the legislative body for the City.

The Department of Water

B. The Department of Water employed approximately 2000 employees, and was divided into seven bureaus, with separate and distinct functions. The largest of the bureaus was the Bureau of Operations and Distribution (hereinafter "Distribution"), which employed approximately 900 individuals. Generally, each bureau was headed by a Deputy Commissioner. With regard to

Distribution, the First Deputy Commissioner effectively served as the overall manager of Distribution. The principal function of Distribution was the installation, repair and monitoring of water delivery systems within the City. The headquarters for Distribution was the Jardine Filtration Plant, located in Chicago, where the First Deputy Commissioner had his principal office.

C. On or about January 1, 2003, the Department of Water merged with the Department of Sewers and the newly-formed entity was entitled the Department of Water Management. (Hereinafter, the pre-merger Department of Water and the post-merger Department of Water Management will be referred to as the “Department”).

The City’s Hired Truck Program

D. The City's Hired Truck Program (“HTP”) provided certain City operating departments with a mechanism to use trucking services on an as-needed basis to complete construction and operating obligations. Participating HTP trucking companies were hired by the City and provided equipment and operators to the respective City operating departments to perform specific tasks. The principal operating departments using HTP services were the Department, the Department of Streets and Sanitation, the Department of Transportation and the Department of Sewers.

E. In conjunction with the HTP, the operating departments hired some trucks on a year-round basis for particular City operations; other trucks were hired on a seasonal basis for departmental projects, and still other trucks were hired for short periods of time on an as-needed basis for particular tasks of the respective departments.

F. Beginning in or about 1997, HTP participating companies and their individual trucks had to be approved for entry into the HTP by the program Office (the “HTP Office”), after

an application and review process was conducted by the HTP Office staff. Once approved, an HTP participating company went on an approved list maintained by the HTP Office. The HTP Office staff was further responsible for ongoing monitoring and regulation of the participating HTP companies and their trucks regarding insurance, inspection, safety and other related issues. The HTP Office had the authority to suspend or discipline HTP participating companies for violations of the HTP rules.

G. There was no bid process and no formal, written contract for any particular job within the operating departments. Rather, certain City employees within the respective operating departments with HTP responsibilities participated in the process of “calling out” or hiring trucks for a particular HTP assignment within the department (“HTP supervisors”). The HTP supervisors also decided when trucks were to be laid off for a particular assignment and the order in which trucks were to be laid off. Generally, the decisions were made at the discretion of the HTP supervisors within the respective departments, though there was occasional input provided by the HTP Office.

H. As to each department using the HTP, the City compensated HTP trucking company participants at a fixed hourly rate based on the size of the truck. Typically, on a monthly basis, participating HTP trucking companies would submit invoices for their monthly work for each City department. Thereafter, the City would process the invoices and typically would remit payments by negotiable instruments known as “warrants.”

Defendant FRANK CANNATELLO

I. Defendant FRANK CANNATELLO was employed by the City and worked for the Department from in or about 1995 until in or about 2005. From in or about 2000 until 2005,

defendant FRANK CANNATELLO was an Emergency Crew Dispatcher assigned to the Jardine Filtration Plant.

FRC Trucking

J. FRC Trucking (“FRC”) was a trucking company that participated in the HTP from in or about 1999 until in or about March 2001. FRC earned revenues of approximately: \$20,000 in 1999; \$139,000 in 2000; and \$27,000 in 2001. FRANK CANNATELLO participated in the formation and operation of FRC. The named owner of FRC was a relative of defendant CANNATELLO.

L. Randy Aderman was employed by the City and worked for the Department from in or about 1973 until in or about 2005.

The Federal Investigation of the HTP

M. Special Agents of the United States Department of Labor – Office of Inspector General and the Federal Bureau of Investigation, together with Inspectors of the United States Postal Inspection Service, were conducting an investigation of possible violations of federal criminal law concerning the HTP.

N. The following matters, among others, were material to the federal investigation of the HTP:

i. The manner in which trucking companies participating in the HTP received business from the City, including whether relationships with City employees resulted in favorable treatment from the HTP;

ii. Whether Department employees participated in the operation of trucking companies receiving HTP business;

iii. Whether Department employees concealed their role in the operation of trucking companies.

O. On or about December 14, 2005, at Chicago, a Special Agent of the United States Department of Labor – Office of Inspector General and a Special Agent of the Federal Bureau of Investigation interviewed defendant FRANK CANNATELLO. The federal agents questioned CANNATELLO about CANNATELLO's relationship and association with FRC Trucking.

2. On or about December 14, 2005, at Chicago, in the Northern District of Illinois, Eastern Division,

FRANK CANNATELLO,

defendant herein, did knowingly and willfully make materially false, fictitious and fraudulent statements and representations in a matter within the jurisdiction of the Department of Labor – Office of Inspector General and the Federal Bureau of Investigation, agencies within the executive branch of the Government of the United States, in that defendant falsely stated that:

- (a) He had absolutely nothing to do with FRC Trucking;
- (b) FRC was CANNATELLO's relative's company, to whom CANNATELLO did not speak much because they did not get along;
- (c) CANNATELLO did not help his relative get trucking business in the HTP and CANNATELLO did not know how his relative received business from the Department;
- (d) CANNATELLO did not help his relative get HTP business; and
- (e) CANNATELLO did not know from whom his relative got the idea to start FRC, but it was not from CANNATELLO;

when in truth and in fact, as defendant well knew: CANNATELLO participated in the formation and operation of FRC and it was his idea, in part, to form the company; CANNATELLO discussed FRC operations with his relative; CANNATELLO asked Randy Aderman to assist FRC in obtaining HTP business from the Department; and Aderman did in fact provide assistance resulting in HTP business for FRC from the Department;

In violation of Title 18, United States Code, Section 1001(a)(2).

UNITED STATES ATTORNEY